

December 15, 2006

1120 Stakeholders

We are posting the Production version (2006v3.1) of the Tax Year (TY) 2006 **Forms 1120 and 1120S** XML schemas and Business Rules on the www.irs.gov website (referred to as Release 4.0). These schemas and business rules contain changes since the December 5, 2006 posting. We are also posting the Production version (2006v1.3) of the Tax Year (TY) 2006 **Form 7004** XML schemas and Business Rules. These schemas and business rules contain changes since the November 17, 2006 posting.

Note: The Modernized e-File system will open for live processing on January 8, 2007 and Form 1120 and 1120S schema version 2006v3.0 or 2006v3.1 must be used to submit all TY 2006 production returns.

TY 2006 Assurance Testing (ATS) began on November 7, 2006 using Forms 1120 and 1120S schema version 2006v1.2 and Form 7004 schema version 2006v1.1. Effective December 22, 2006, Forms 1120 and 1120S schema versions 2006v3.0 and 2006v3.1 and Form 7004 schema version 2006v1.3 will be installed into ATS and test returns can be sent in through Electronic Management System (EMS) and the Registered User Portal (RUP). You may also submit test returns with valid schema versions for TY2004 and TY2005 (see **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>).

Note: Effective December 22, 2006, Forms 1120 and 1120S schema versions 2006v3.0 or 2006v3.1 must be used to submit all TY 2006 test returns. All prior 2006 Forms 1120 and 1120S schema versions are no longer valid.

XML Schemas

1120/1120S

The TY 2006 production schemas include all tax forms and schedules for Forms 1120 and 1120S. Schema version 2006v3.1 is posted to the Production System and ATS System charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>. Also included are "Diff Files" showing changes from the previous schema versions.

Note: The Instance Document contained in the schema files is viewable with any generic MIME-reader. Found within the 1120 folder, the Instance Document contains an example 1120 transmission.

7004

The TY 2006 production schemas include all tax forms and schedules for Form 7004. Schema version 2006v1.3 is posted to the **Production System** and **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>. Also included are "Diff Files" showing changes from the previous schema versions.

The **Production System** table contains the current valid schemas for Forms 1120, 1120S and 7004 that are still being used to process TY 2003, TY2004 and TY2005 tax returns and TY 2005 timely-filed extensions.

Business Rules

1120/1120S

Release 4.0 TY 2006 (version 2006v3.1) 1120/1120S Business Rules are posted in two different formats containing identical information – Adobe (.PDF), and Comma Separated File (.CSV). A column within the file identifies key changes made from the last posted version of the business rules. The new rules are posted to the **Production** and **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>.

Forms 1120 and 1120S Business Rules versions 2005v2.5 and 2004v4.4 change pages are also posted due to rules involving zip archive issues. The new rules are posted to the **Production** and **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>.

7004

Release 4.0 TY 2006 (version 2006v1.3) Form 7004 Business Rules are posted in two different formats containing identical information – Adobe (.PDF), and Comma Separated File (.CSV). A column within the file identifies key changes made from the last posted version of the business rules. The new rules are posted to the **Production** and **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>.

Form 7004 Business Rules version 2005v2.4 change page is also posted due to rules involving zip archive issues. The new rules are posted to the **Production** and **ATS System** charts at <http://www.irs.gov/efile/article/0,,id=128360,00.html>.

As with the XML schemas, current valid Business Rules for TY 2003, TY 2004 and TY2005 are shown in the **Production System** table.

Key Changes

Due to the new sub-consolidation schemas structure, Tax Year 2006 Production schema versions (effective January 8, 2007) and the ATS schema version (effective December 22, 2006) will also change:

- 2006v3.0 and 2006v3.1 are posted to the **Production** and **ATS System** charts to be used to submit TY 2006 tax returns. All prior 2006 Forms 1120 and 1120S schema versions are no longer valid. **Note:** Schema and business rule versions 2.0 and 2.1 will not be installed into Production or ATS.

Forms and Publications Office is in the process of revising Form 8886. Unfortunately, it will not be ready for distribution before January, thus we have removed Form 8886 schema. When Form 8886 is ready for distribution, we will get the schema updated as soon as possible. However, we can accept the **updated** Form 8886 in pdf if necessary.

The Extender Bill legislation could have impact on TY2005 and TY2006 forms thus a subsequent version could be published after January startup.

As of today, the production system will be brought down on December 28, 2006 (Thursday) at 11:00 a.m. (Eastern Time). The system will be brought back up on January 8, 2007 for live production. We don't have the timeframe for bringing the system back up, but will let you know as we get closer to that date.

Beginning January 8, 2007, Modernized e-File will only accept 1120/1120S tax returns for Tax Years 2004, 2005 and 2006 and only accept 7004 for Tax Years 2005 (timely filed extensions) and 2006.

As a reminder, please see the Large and Mid-Size Business Corporation (LMSB) website for special instructions and interim procedures for taxpayers required to efile at: <http://www.irs.gov/businesses/corporations/article/0,,id=147101,00.html>.

As always if you have any questions or comments, please contact us through the Topica group or the ETA 1120 Team at 1120@irs.gov. You can also contact Xan Ostro at (202) 283-7697 or Joan Barr from the ETA team at (415) 382-9039. For questions on 7004, you can contact Linda Lateef from the ETA team at (202) 283-0014.

